

Message Text

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EO 11652: NA

TAGS: ETRA, IN

SUBJ: ARBITRATION DISPUTE

REF: STATE 172260

1. ACTING DCM MET WITH SHARMA AND JAJODIA AUGUST 14. SHARMA WAS AWARE THAT FERNANDES FAVORED A NEGOTIATED SETTLEMENT BUT HE STATED THAT FCI WAS NOT PERPARED TO ADVANCE ANY COMPROMISE OF ITS OWN. IF BRIDGELAND WERE PREPARED TO MAKE "REASONABLE" PROPOSAL FCI WOULD SEND IT WITH A POSITIVE RECOMMENDATION TO THE GOI.

2. ACTING DCM NOTED BRIDGELAND HAD ALREADY MADE COMPROMISE PROPOSAL. JAJODIA AGREED AND REVIEWED HIS UNDERSTANDING OF NATURE OF BRIDGELAND'S PROPOSALS (SEE BELOW). ADCM NOTED THAT HE WAS NOT IN A POSITION TO BEGOTIATE ON BEHALF OF BRIDGELAND. HE WAS MERELY TRYING TO FACILITATE A SETTLEMENT AND WAS PREPARED TO PASS ON ANY SUGGESTIONS EITHER SIDE HAD TO THE OTHER. IN THIS INTEREST HE ASKED WHETHER FCI THOUGHT IT WOULD BE USEFUL TO INITIALLY SEEK A SETTLEMENT OF THE SECOND CASE VIA MUTUAL ABANDONMENT OF CLAIMS WHILE LEAVING THE MORE DIFFICULT FIRST CASE FOR A LATER COMPROMISE. THIS WOULD AVOID HEAVY COSTS FOR BOTH SIDES. AFTER LENGTHY DISCUSSION IN HINDI BETWEEN JAJODIA AND SHARMA, SHARMA REPLIED FIC WOULD PREFER A ONE PACKAGE SETTLEMENT FOR BOTH CASES.

3. DISCUSSION THEN TURNED TO PROCEDURAL PROBLEMS INVOLVING TRIBUNAL PROCEEDINGS. JAJODIA STATED THAT HE HAD

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AIR MAILED TO BRIDGELAND DOCUMENTS REQUESTED BY HIM (PARA

5. REFTEL). A FEW DAYS AGO. JAJODIA WAS PLANNING SHORTLY TO GO TO BOMBAY TO MEET WITH BRIDGELAND'S COUNSEL TO DISCUSS VARIETY OF PROCEDURAL ISSUES RAISED BY BRIDGELAND. JAJODIA APPEARED QUITE ANNOYED AND SAID THAT BRIDGELAND APPEARED TO BE TAKING A VERY RIGID POSITION. ADCM SAID HE KNEW NOTHING OF THIS MATTER.

4. COMMENT: WE HAVE NO OBJECTION IF THE ABOVE IS PASSED TO BRIDGELAND. WE NOTE IN PASSING THIS ONLY UNDERLINES THE DE FACTO AUTONOMY WHICH FCI ENJOYS. DEPARTMENT MAY ALSO WISH TO MENTION TO BRIDGELAND THAT WELL INFORMED SOURCES HERE REPORT THAT FCI MAY SHORTLY BE BROKEN UP INTO SEVERAL SMALLER REGIONAL OPERATING COMPANIES. WE HAVE NO IDEA WHERE THIS WOULD LEAVE THE ARBITRATION DISPUTE.

5. UNLESS DEPARTMENT BELIVES THIS NOT ADVISABLE, REQUEST THAT THE FOLLOWING BE PASSED ON TO BRIDGELAND. WE SEE LITTLE ADVANTAGE IN BRIDGELAND MAKING A NEW COMPROMISE SETTLEMENT OFFER. WE WOULD SUGGEST, HOWEVER, THAT HE SEND US IN DETAIL THE OFFER HE PREVIOUSLY MADE SO AS TO AVOID MISUNDERSTANDINGS AND SO THAT WE CAN MAKE SURE THAT APPROPRIATE GOI OFFICIALS ARE INFORMED. DESPITE SHARMA'S REPLY, NOTED ABOVE, WE THINK THERE IS A CHANCE FOR AN INTERIM COMPROMISE TERMINATING THE SECOND CASE. IS BRIDGELAND STILL PREPARED TO ACCEPT A SETTLEMENT IN THE SECOND CASE WHICH TERMINATES BOTH SIDES' CLAIMS. WE NOTE THAT THIS WOULD SAVE CONSIDERABLE EXPENSES AND TRAVEL TIME.
SAXBE

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